

BUSINESS OPPORTUNITY

LODGING, FOOD & BEVERAGE, RETAIL, TRANSPORTATION,
AND OTHER SERVICES

GRAND CANYON NATIONAL PARK

Department of the Interior

National Park Service
Intermountain Region

Contract No. CC-GRCA001-15



SUMMARY OF BUSINESS OPPORTUNITY

The following summarizes the key elements of the business opportunity for the GRCA001-15 Draft Contract. Should the facts and figures presented in the Summary differ from or contradict with the Draft Contract in any way, the Draft Contract will prevail.

Currently, visitor services are provided at these locations by Xanterra South Rim, L.L.C. ("Existing Concessioner"), under CC-GRCA001-02 ("Existing Contract"), a copy of which is included in the appendices to this Prospectus.

Nature of Business and Services Provided

The Draft Contract describes the following visitor services. Please note that the National Park Service ("Service") did not include visitor services in the Draft Contract at several locations currently required in the Existing Contract. Throughout the Prospectus, references to services and associated revenues and expenses, whether historical or projected, include only the visitor services required under the Draft Contract.

Required Visitor Services for the Draft Contract

Service	Location
Lodging	El Tovar Hotel Bright Angel Lodge and Cabins Maswik Lodge Phantom Ranch Guest Quarters Kachina Lodge Thunderbird Lodge
Food and Beverage	El Tovar Arizona Room Bright Angel Hermit's Rest Snack Bar Maswik Phantom Ranch Canteen Mobile Food Operations
Retail	El Tovar Bright Angel Maswik Hermit's Rest Hopi House Lookout Studio Phantom Ranch
Transportation	Interpretive Bus Tours Inner Canyon and Rim Mule Rides Taxi Service
Kennel Operation	South Rim
Vending	Throughout Concession Facilities
Roadside Assistance Service	South Rim

Authorized Visitor Services for the Draft Contract

Service	Location
Limited Automobile Garage Services	South Rim Concessioner Support Facility
Valet Parking	El Tovar



Historical Annual Gross Revenue^{1,2}, 2009-2011

	2009	2010	2011
Total Gross Revenue	\$65,310,321	\$65,953,248	\$67,147,000

¹2009 and 2010 gross revenue presented represents actual historical gross revenues associated with the services required under the Draft Contract, as reported by the Existing Concessioner.

²The Service estimated the 2011 gross revenue by using the same percentages used for the historical actuals in 2009 and 2010. The Existing Concessioner reported an increase in overall gross revenue for 2011.

Note: The Prospectus does not include 2012 or 2013 financial data because the Annual Financial Reports (AFRs) were unavailable during the analyses. The Service has now reviewed the 2012 and 2013 AFRs and determined no anomalies and financial performance was consistent with 2011 trends.

Source: NPS

Historical Franchise Fees Paid^{1,2,3}, 2009 – 2011

	2009	2010	2011
Estimated Adjusted Franchise Fees Paid	\$2,181,514	\$2,206,211	\$2,279,000

¹2009 and 2010 Franchise Fees Paid, as shown here, have been adjusted to include estimates of only that portion of the total fees paid by the Existing Concessioner on associated gross receipts generated by the same services required under the Draft Contract.

²2011 Franchise Fees Paid, as shown here, have been estimated based upon a percentage of gross revenues estimated to be associated with services required by the Draft Contract.

³A concessioner must pay fees on "gross receipts," as defined in Sec. 2 of the Draft Contract.

Source: NPS

Utility Add-on

The Service has determined pursuant to NPS Director's Order 35B (DO 35B) that the Concessioner's rates for certain visitor services, for the first year of the Draft Contract as approved by the Service, may include a 4.3% of Gross Receipts "Utility Add-on." This Utility Add-on percentage represents the estimated difference between the cost the Concessioner pays for Service-provided utilities in the Area and utility costs typical in the industry as determined by the Service. The Service expects to continue to authorize a Utility Add-on for subsequent years of the Draft Contract in accordance with DO 35B (as it may be amended or superseded from time to time). A website link to DO 35B appears in the Appendices.

Required Repair and Maintenance Reserve

One and three-tenths percent (1.3%) of annual gross receipts

Term of Contract

Fifteen (15) years starting on or about February 1, 2015. The Service may change the effective date of the Draft Contract prior to the award of the Draft Contract if the Service determines it is necessary.



Estimated Initial Investment

Item	Amount ¹
Leasehold Surrender Interest	\$56,950,924
Concession Facilities Improvement Program (Year One) ²	\$4,486,000
Deferred Maintenance (Year One)	\$1,318,000
Personal Property Initial Investment	\$13,762,000
Personal Property Associated with Concession Facility Improvement Programs (Year One)	\$795,000
Working Capital	\$1,134,000
Other Pre-Opening Expenses	\$2,853,000
Total	\$81,298,924

¹All dollar amounts represented in 2015\$

²Dollar amounts reflect real property investment costs only and do not include personal property costs.

Source: NPS

Estimated Investments in 2016

Item	Amount ¹
Concession Facilities Improvement Program (Year 2)	\$9,155,000
Personal Property Associated with Concession Facility Improvement Programs (Year 2)	\$1,840,000
Deferred Maintenance	\$1,350,000
Total	\$12,345,000

¹All dollar amounts represented in 2015\$

Source: NPS

No Preferred Offeror

The Director of the Service has determined that no Preferred Offeror for this Draft Contract exists pursuant to the terms of 36 C.F.R. Part 51. This solicitation for commercial services is fully competitive.

Leasehold Surrender Interest ("LSI")

The Existing Contract requires the Existing Concessioner to sell and transfer to the successor its Leasehold Surrender Interest (LSI) held in connection with its operations. Appendix A of this Prospectus includes a copy of the Existing Contract, including all amendments and agreements. The Concessioner must compensate the Existing Concessioner pursuant to the terms of the Existing Contract for the LSI associated with Concession Facilities assigned to the Draft Contract.

The Service and the Existing Concessioner have agreed that the value of the Existing Concessioner's LSI is \$198,000,000. The Service intends to pay the Existing Concessioner approximately \$99,887,497 before the effective date of the Draft Contract to buy down the LSI amount due the Existing Concessioner. The concessioner under the new GRCA003-15 contract must pay the Existing Concessioner \$41,161,579 for the LSI value of the assets assigned to that contract. The initial LSI value for the GRCA001-15 Draft Contract will be \$56,950,924.

Minimum Franchise Fee

The minimum franchise fee under the Draft Contract is fourteen percent (14%) of annual gross receipts.



TABLE OF CONTENTS

INTRODUCTION	5
THE NATIONAL PARK SERVICE AND ITS MISSION	5
GRAND CANYON NATIONAL PARK: ONE OF THE SEVEN NATURAL WONDERS OF THE WORLD	6
PARK OVERVIEW	6
BUSINESS OPPORTUNITY IN ONE OF THE NATION'S MOST POPULAR NATIONAL PARKS.....	6
GRAND CANYON NATIONAL PARK VISITATION.....	7
MARKET AREA OVERVIEW.....	8
LOCAL COMPETITIVE MARKET	10
MARKET SEASONALITY.....	11
EXISTING CONCESSION OPERATIONS.....	12
FUTURE OPERATIONS.....	14
EMPLOYEE SERVICES.....	15
REQUIRED CONCESSION FACILITY IMPROVEMENT PROGRAM (CFIP) AND OTHER INVESTMENTS UNDER THE DRAFT CONTRACT	16
DEMOLISH EXISTING AND CONSTRUCT NEW MASWIK SOUTH LODGING.....	17
EL TOVAR HOTEL QUICK SERVICE COFFEE AND PASTRIES	17
MOBILE FOOD SERVICE	17
CONVERSION OF MCKEE WAREHOUSE TO CONCESSION SUPPORT FACILITIES.....	18
EXPANDED PATIO DINING AT EL TOVAR	18
BRIGHT ANGEL LODGE PERSONAL PROPERTY IMPROVEMENT.....	19
WITHDRAWAL OF CONCESSION FACILITIES	19
POTENTIAL ADDITIONAL CONCESSION FACILITY AND AUTHORIZED SERVICE(S)	19
FINANCIAL AND OPERATING DATA	20
PARK ISSUES TO CONSIDER UNDER THE DRAFT CONTRACT	20
HISTORICAL GROSS REVENUE	20
PROJECTED REVENUE	21
PROJECTED FUTURE EXPENSE ASSUMPTIONS.....	24
INVESTMENT ANALYSIS.....	26
LEASEHOLD SURRENDER INTEREST ("LSI").....	26
TREATMENT OF LEASEHOLD SURRENDER INTEREST IN THE DRAFT CONTRACT	26
PERSONAL PROPERTY.....	26
WORKING CAPITAL, INVENTORY AND PRE-OPENING COSTS	26
ESTIMATE OF REQUIRED INVESTMENT	27
REPAIR AND MAINTENANCE RESERVE.....	27
FRANCHISE FEE.....	28
UTILITY ADD-ON	28
TERM AND EFFECTIVE DATE	28
SITE VISIT.....	28



INTRODUCTION

The National Park Service ("Service") intends to award a concession contract in Grand Canyon National Park ("Park") for concession operations at six lodging operations, 14 food and beverage operations, eight retail operations, transportation services, and other services. This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services required by the Service. Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the Draft Concession Contract CC-GRCA001-15 ("Draft Contract"), including its exhibits, to determine the full scope of the Concessioner's responsibilities under the Draft Contract.

The GRCA001 Contract is one of the largest in the Service in terms of revenue and lodging inventory

The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (P.L. 105-391), as implemented by the Service in Title 36 of the Code of Federal Regulations (C.F.R.) Part 51. The term "Concessioner" as used in this Prospectus refers to the entity that will be the Concessioner under the Draft Contract. The term "Existing Concessioner" refers to Xanterra South Rim, L.L.C., the Concessioner under the existing GRCA001 concession contract ("Existing Contract"). Copies of 36 C.F.R. Part 51 and the Existing Contract are included as Appendices to this Prospectus.

In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, the latter will prevail. In the event of any inconsistency between the description of the contract terms contained in this Prospectus and the Draft Contract itself, the terms of the Draft Contract will prevail.

This opportunity includes operations long associated with the largest concession operation at the South Rim of the Grand Canyon including the historic El Tovar Hotel and Bright Angel Lodge. The Draft Contract requires projects to improve the visitor experience including improved lodging and food and beverage offerings.

The Service recently released a prospectus for the other major concession operation on the South Rim, CC-GRCA003-15. Historically, that contract provided visitor services limited to retail, groceries, and deli services. In order to provide improved and more diversified offerings to Park visitors, the concessioner under the future contract for GRCA003-15 will manage several facilities and operations presently offered under the Existing Contract (CC-GRCA001-02). These include the Yavapai lodging complex, the RV campground (Trailer Village) and Camper Services, and the operations at the Desert View location in the Park.

Throughout this document, references to services and associated revenue and expenses, whether historical or projected, include only those services required under the Draft Contract.

The National Park Service and Its Mission

In 1916, President Woodrow Wilson approved legislation creating the Service within the Department of the Interior. That legislation mandated that Congress created America's National Park Service to:

...conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations.

(16 U.S.C. § 1)

Additionally, Congress declared that the National Park System should be:

...preserved and managed for the benefit and inspiration of all the people of the United States. . . . (16 U.S.C. § 1a-1)



View of Grand Canyon from El Tovar

The Service has as its overall mission the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the National Park Service, visit www.nps.gov. This site includes information about the Service's mission, policies, and information on individual Park units.



GRAND CANYON NATIONAL PARK: ONE OF THE SEVEN NATURAL WONDERS OF THE WORLD

Park Overview

Grand Canyon National Park was designated a National Park in 1919 and a World Heritage Site in 1979. The Park encompasses more than 1.2 million acres and offers an extensive array of recreational activities. The namesake and main feature of the Park, the Grand Canyon, stretches 277 miles, averages 4,000 feet deep along its entire length, reaches a depth of 6,000 feet at its deepest point, and spans 15 miles at its widest point. Among other distinctions, the Canyon is considered one of the seven "Natural Wonders of the World."

Over the past five to six million years, the Colorado River and its tributary streams carved the canyon's spectacular width and depth. Nearly 40 different rock layers comprise the canyon walls and provide a record of three of the four eras of geological time, one of the most comprehensive records of geological history in the world. In addition, the canyon and its numerous side canyons and caves provide a plethora of paleontological, archeological, and biological resources.

More than four million people visit the Park annually to enjoy the broad variety of experiences it has to offer, such as hiking, Colorado River rafting, mule riding, and viewing the canyon from different vantage points.

Visitors can find two primary concentrations of visitor services in the Park: the "South Rim area" and the "North Rim area." The South Rim concession areas include the Village and Market Plaza areas, Hermits Rest, and Desert View. The Park is open year-round, as are most South Rim concession accommodations and services. The North Rim features more limited concession facilities with one concessioner offering a seasonal operation including lodging, food and beverage, and retail, and a second concessioner providing seasonal mule rides. Numerous other commercial operators provide visitor services in the North and South Rim areas through concessions contracts or commercial use authorizations. In addition to the services provided by the subject concession, other Park concession services include:

- lodging, food and beverage, and retail services,
- bicycle rental and food and beverage services,
- multi-day raft trips on the Colorado River,
- mule rides on the North Rim, and
- rail tour services to the South Rim.

The Park's official partner, the Grand Canyon Association ("GCA"), also has a significant retail presence at locations

throughout the Park. GCA uses revenues generated from its retail outlets to provide environmental education services and materials to Park visitors.



Grand Canyon Mules

BUSINESS OPPORTUNITY IN ONE OF THE NATION'S MOST POPULAR NATIONAL PARKS

The Draft Contract offers a unique business opportunity for a resort operator to manage a large, multi-faceted hospitality operation, including Phantom Ranch on the floor of the Grand Canyon. In addition, the Draft Contract offers an opportunity to construct new lodging accommodations, improve and expand food and beverage operations; and manage other ancillary services. The following describes the services included in the Draft Contract.

Lodging: The lodging department provides the largest source of revenue for the Draft Contract. The Concessioner will operate the historic El Tovar Hotel and Bright Angel Lodge, as well as the Kachina, Thunderbird, and Maswik Lodges. The Concessioner also will operate the Phantom Ranch rustic lodge on the floor of the Grand Canyon.

Food & Beverage: The Concessioner will manage food and beverage operations at its El Tovar, Bright Angel, Phantom Ranch, and Maswik lodging locations. In addition, the Concessioner will operate the Arizona Room restaurant and Hermits Rest snack bar. The Concessioner also will implement a new food and beverage service - three mobile food trucks at Service approved locations.



Retail: The Concessioner will operate retail outlets at all of its assigned lodging operations, as well as Lookout Studio, Hopi House, and Hermits Rest.

Transportation: The Concessioner will offer interpretive bus tours, taxi service in the Village area, and mule tours on the canyon rim and to Phantom Ranch.

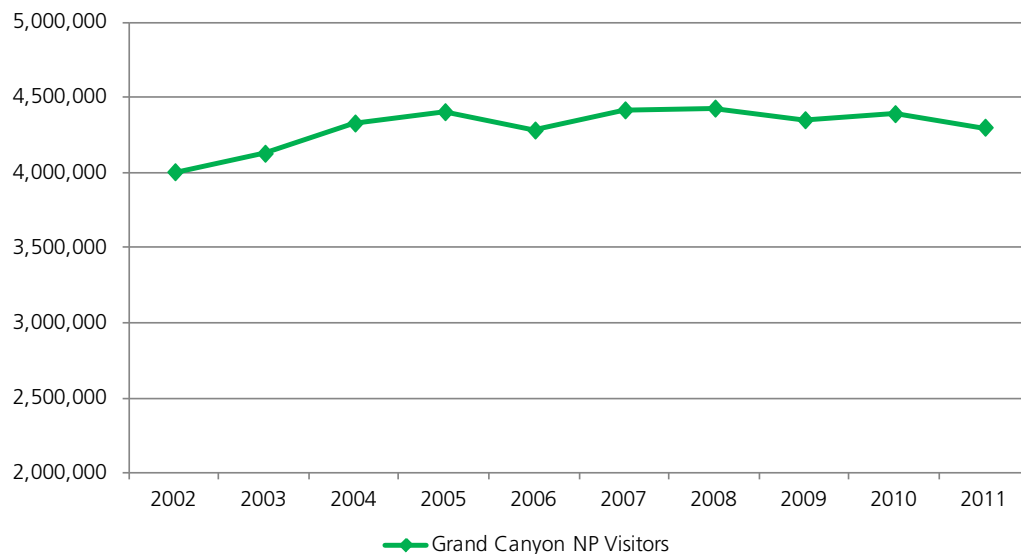
Other: The Concessioner will operate the kennel, provide roadside assistance service, and provide vending in several locations.



Grand Canyon National Park Visitation

Since the establishment of Grand Canyon National Park in 1919, visitation has increased at a compound annual growth rate of more than five percent. Over the last ten years, visitation has remained relatively stable, varying between 4.0 million visitors per year and 4.4 million visitors per year, with the peak occurring in 2008.

Exhibit 1 – Grand Canyon National Park Historical Recreation Visitation



Source: NPS

Grand Canyon has had highly stable visitation for the past 10 years

Visitation declined in 2001 and 2002, likely caused by a downturn in the economy and reduced travel following the terrorist attacks of September 11, 2001. Park visitation exhibited an annual recovery through 2008, with the exception of 2006 when fire closed the North Rim entrance in July, resulting in a significant decrease in the number of visitors to the Park. Another decline in 2011 possibly reflected a slight downward trend as the national economy stabilizes and prepares for moderate growth as it exits the recent recession. In 2012, recreational visits increased to almost 4.5 million and to over 4.5 million in 2013.

MARKET AREA OVERVIEW

Grand Canyon National Park is located in the northwestern region of the State of Arizona, as indicated in the following regional map.

Exhibit 2 – Regional Context of Grand Canyon National Park



Source: Google Maps

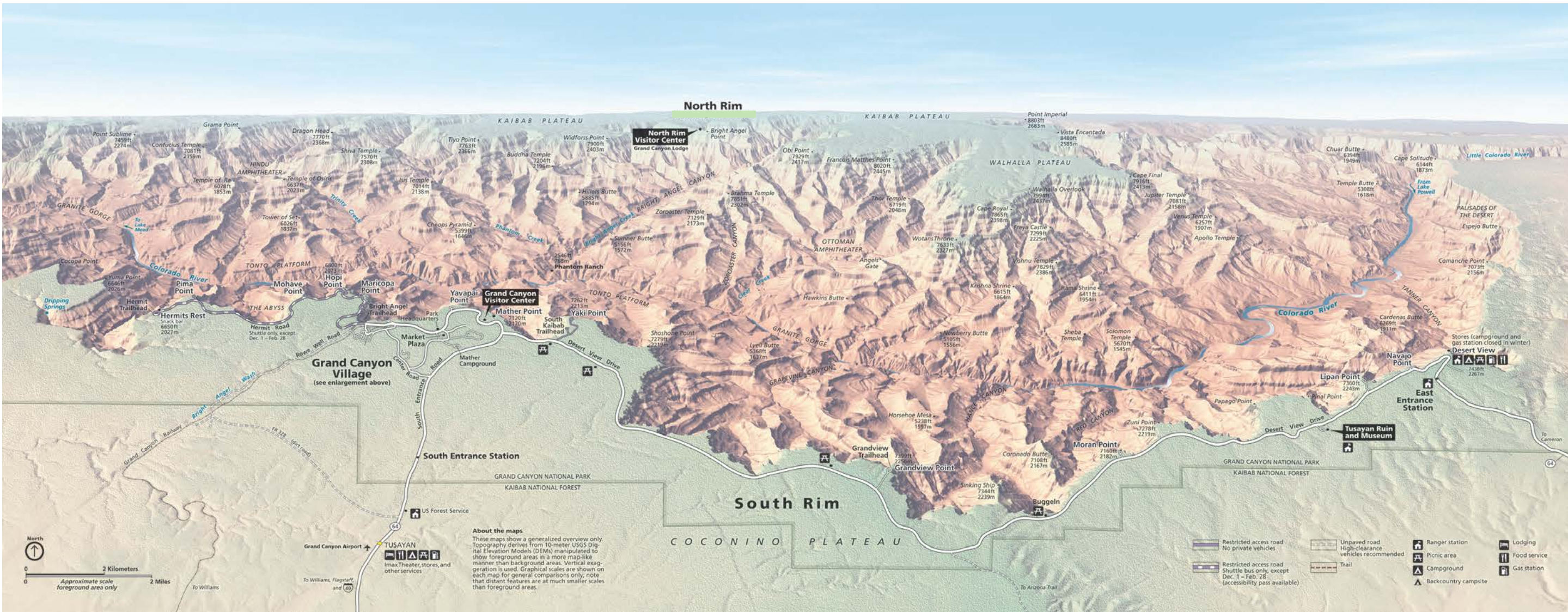
The Park is located approximately 75 miles northwest of Flagstaff, AZ, and nearly 60 miles north of Williams, AZ. The closest incorporated town to the Park is Tusayan, AZ, located approximately five miles south of the Park entrance. The Kaibab National Forest, and the Navajo, Hualapai, and Havasupai Indian Reservations surround the Park.

Two principal developed areas support visitation to the Park: the North Rim and the South Rim. Approximately 90 percent of visitors to the Park first see the canyon from the South Rim, a likely testament to its proximity to the interstate system and airports, as well as the large base of visitor services located there. To reach the North Rim from the South Rim by automobile, visitors must travel more than 200 miles. The North Rim, including its concession operations, closes during the winter months.

The following map provides a geographic context for the Park.



Exhibit 3 – Geographic Context of Grand Canyon National Park



Source: NPS

Local Competitive Market

The greatest competition for services provided under the Draft Contract likely will come from the concessioner of the GRCA003 concession facilities and GCA for retail operations provided within the Park.

The closest tourism market of Tusayan depends almost entirely on Grand Canyon National Park visitation. Farther away, the town of Williams also depends largely on Park visitation. While likely somewhat dependent on the Park, Flagstaff has a more sustainable and diverse economy.

Lodging

Lodging competition includes the 358-room Yavapai Lodge, assigned to the future GRCA003 concession contract, as well as operations outside the Park. Yavapai lodging occupancy has ranged between 93 and 97 percent over the past three years (2009-2011) during the periods when it is open, historically mid-March through mid-November.

Outside the Park, the local Tusayan and Williams lodging inventory historically has operated at an average annual occupancy of between 63 to 65 percent.

Food and Beverage

In-Park competition for the food and beverage operation includes a limited-service, fast-casual restaurant at Yavapai Lodge, a delicatessen at the Market Plaza General Store, food service at Desert View, a quick-service food operation consisting of sandwiches, beverages and light food items at Camper Services, and the coffee shop near the Visitor Center.

In Tusayan, dining options include nationally branded fast food restaurants and locations within lodging facilities. Williams offers primarily stand-alone restaurant options.



Bright Angel Restaurant

Retail

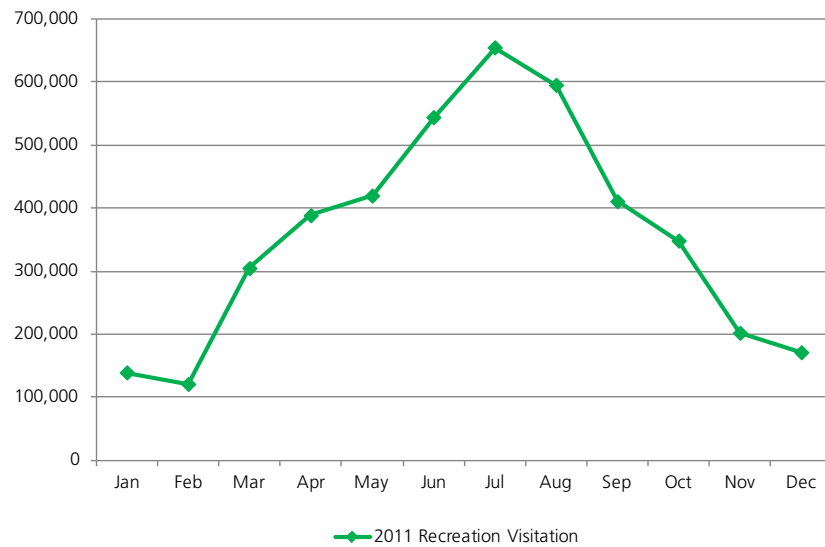
The Concessioner's retail operation will face competitive pressure from GRCA003 retail outlets, which will have a strong and expanded retail presence in the Park. The concessioner under GRCA003 will operate the Yavapai retail operation, the Market Plaza, and the Desert View General Store and Trading Post.

GCA currently operates five outlets on the South Rim and may add a sixth during the term of the Draft Contract. GCA offers interpretive merchandise and provides an attractive option to visitors. GCA enjoys the benefit of prime locations for its outlets, including the main South Rim visitor center. The Service plans to remove concession operations from the Desert View Watchtower, converting it to an interpretive facility featuring ranger-led discussions of the history of Desert View and handicraft demonstrations by Native Americans. As part of this, GCA may establish a small retail presence at the Watchtower.

Retail options outside the Park include a general store and souvenir stores in Tusayan. Williams offers a full-service chain grocery store, as well as a wide selection of gift and souvenir shops. Somewhat farther away, Flagstaff offers its own selection of shops, a small mall, and "big box" and other national retail chain stores.

Market Seasonality

Much of the Park's annual visitation occurs during the spring and summer months with an average of approximately 70 percent of Park visitation during this time. The following table presents Park recreation visitation seasonally for the past five years.

Exhibit 4 - Grand Canyon Park Recreation Visitation Seasonality¹

¹Visitation figures represent recreation visitation only.

Source: NPS



EXISTING CONCESSION OPERATIONS

The Existing Concessioner provides the services summarized below under the Existing Contract, a copy of which is included in the Appendix to this Prospectus.

Exhibit 5 - Existing Contract Required Services¹

Outlet	Location	Offerings
Lodging		
El Tovar Hotel	Village	66 standard rooms, 12 suites
Kachina Lodge	Village	49 rooms
Thunderbird Lodge	Village	55 rooms
Bright Angel Lodge and Cabins	Village	33 standard rooms, 19 rooms with shared bath, 34 historic cabins, 4 suites
Maswik Lodge	Village	250 standard rooms, 28 quad-cabin rooms
Yavapai Lodge	Village	358 standard rooms
Phantom Ranch	Village	11 cabin units and 4, 10-person dormitories
Food & Beverage		
El Tovar Dining Room	Village	250 seats
El Tovar Lounge	Village	72 seats
The Arizona Room and Lounge	Village	120 seats, plus 20 lounge seats
Bright Angel Restaurant	Village	120 seats
Bright Angel Fountain	Village	0 seats – walk-up counter service
Bright Angel Lounge/Canyon Coffee House	Village	80 seats
Maswik Cafeteria	Village	395 seats
Maswik Pizza Pub	Village	78 seats
Canyon Café at Yavapai Lodge	Village	408 seats
Hermits Rest Snack Bar	Hermits Rest	0 seats – walk-up counter service
Desert View Trading Post Snack Bar	Desert View	30 seats
Phantom Ranch Canteen	Floor of Canyon	44 seats
Retail		
El Tovar Gift Shop	Village	1,000 SF; gifts, jewelry, Native American handcrafts
El Tovar Newsstand	Village	243 SF; newspapers, magazines, convenience items
Bright Angel Gift Shop	Village	1,800 SF; gifts, souvenirs
Maswik Gift Shop	Village	1,600 SF; gifts, souvenirs
Yavapai Gift Shop	Village	2,624 SF; gifts, souvenirs, pottery
Hopi House	Village	4,159 SF; gifts, jewelry, Native American handcrafts
Lookout Studio	Village	876 SF; gifts, souvenirs,
Hermits Rest Gift Shop	Hermits Rest	1,200 SF; gifts, souvenirs
Desert View Trading Post	Desert View	1,079 SF; gifts, souvenirs
Watchtower	Desert View	1,980 SF; gifts, souvenirs, Native American handcrafts
Phantom Ranch Sundries and Convenience	Floor of Canyon	Limited souvenirs and convenience items
Transportation		
Interpretive Bus Tours	Throughout South Rim Area	Various interpretive bus tours to Hermits Rest, Desert View, and other Park areas
Taxi Service	Village	Taxi service within a radius approved by the Service
Mule Rides	Canyon Rim and Phantom Ranch	Tours by mule along the canyon rim and to Phantom Ranch on the Grand Canyon floor



Other		
Trailer Village	Village	80-site RV campground with hookups
Camper Services	Village	Laundromat, showers, ice sales
Service Station	Desert View	Gas station
Vending	Throughout Concession Facilities	Managed appropriately-located vending services
Kennel	Village	Care for visitors' cats and dogs

¹All services are open year-round, with the exception of Yavapai lodge, food and beverage, and retail operations.

Source: NPS



FUTURE OPERATIONS

The Draft Contract describes the following visitor services. As explained above, the concessioner for GRCA003-15 will provide several services previously offered under the GRCA001 Existing Contract.

Under the Draft Contract, the Concessioner must complete a Concession Facility Improvement Program (CFIP) and investment in new personal property, some of which related to the CFIP, all of which primarily focus on improving direct visitor services. The Service will assign facilities for support services but will withdraw some when the Concessioner completes the CFIP project related to the McKee warehouse conversion to concessioner use. The Service may withdraw Shirley Hall at some point during the term of the Draft Contract (see section on “Withdrawal of Concession Facilities” below). If the successful Offeror submits a proposal to renovate and use the historic Powerhouse building, and if the Service agrees, the Concessioner also will have the opportunity to provide additional visitor services in that location.

The following table presents the Required and Authorized Services for the Draft Contract.

Exhibit 6 – Required¹ and Authorized Services of the Draft Contract

Required Service	Location
Lodging	El Tovar Hotel Bright Angel Lodge and Cabins Maswik Lodge Phantom Ranch Guest Quarters Kachina Lodge Thunderbird Lodge
Food and Beverage	El Tovar Arizona Room Bright Angel Hermit's Rest Snack Bar Maswik Phantom Ranch Canteen Mobile Food Operations
Retail	El Tovar Bright Angel Maswik Hermit's Rest Hopi House Lookout Studio Phantom Ranch
Transportation	Interpretive Bus Tours Inner Canyon and Rim Mule Rides Taxi Service
Kennel Operation	South Rim
Vending	Throughout Concession Facilities
Roadside Assistance Service	South Rim

Authorized Service	Location
Limited Automobile Garage Services	South Rim Concessioner Support Facility
Valet Parking	El Tovar

¹The Concessioner must provide all required services year-round.

Source: NPS



Employee Services

Employee Housing, Dining Rooms, Shuttle, and Recreation

In addition to the required visitor services, the Concessioner must provide housing, dining operations, and a recreation program for its employees. Exhibit 7 presents the current usage of in-Park employee housing of the Existing Concessioner for the services under the Draft Contract. If the Concessioner identifies additional requirements for employee housing, the Concessioner must meet those needs outside the Park boundary.

The following is an inventory of in-Park employee housing assigned to the Draft Contract.

Exhibit 7 – Employee Housing

Type of Housing	# of Units	Estimated Occupancy ¹ based on Existing Concession's Usage
Single Family Homes	39	39
Duplexes/Multiplex Units	41	74
Dormitory Rooms	219	402
Coconino Apartment Units	135	243
Maswik Cabins	66	198
Pinyon Park	24	36
TOTAL		992

¹"Estimated Occupancy" represents the Existing Concessioner's occupancy within its assigned employee housing. The Draft Contract does not specify the capacities of employee housing assigned to the Concessioner.

Source: NPS

For the purposes of determining its total employee housing needs, the Offeror should develop staffing plans and schedules for the required operations. The Service will not assign the Concessioner additional employee housing over and above what Exhibit 7 presents unless the Service determines the need to reallocate housing during the term of the Draft Contract. In addition, the Service will not authorize construction of additional employee housing within the Park. If an Offeror's staffing analysis identifies a need for additional employee housing, the Offeror must plan to accommodate this housing outside of the Park and incorporate any related incremental cost as an operating expense on its pro forma submitted as part of its proposal.

The Service believes the assignment of employee housing reflecting the allocation of visitor services between GRCA001-15 and GRCA003-15 is appropriate and reflects the staffing requirements of each operation. The Service has contemplated, in its franchise fee analysis, the need for the GRCA001-15 concessioner to have additional housing outside of the Park and, accordingly, has included an additional \$500,000 annually in labor expenses to accommodate higher wages for some staff living outside of the Park. Either the Concessioner or the concessioner under GRCA003 may request a review of the assignment and allocation of employee housing, and the Service would consider such request as appropriate pursuant to Section 8 of the Draft Contract.

The Service also will require the Concessioner to operate a first response fire brigade to protect facilities assigned to it and a recreation hall that also will be open to all Park residents for a fee.

Due to the remote location of the Park and limited employee access to transportation and services, the Concessioner also must provide its employee after-hours shuttle service within the Grand Canyon Village and develop and provide organized recreational opportunities for its employees.



REQUIRED CONCESSION FACILITY IMPROVEMENT PROGRAM (CFIP) AND OTHER INVESTMENTS UNDER THE DRAFT CONTRACT

The Draft Contract requires the Concessioner to complete the CFIP and certain personal property capital investments as outlined, then further discussed, below.

- Demolish and replace Maswik South lodge complex;
- Implement new, quick service outlets within the El Tovar Lounge and within the lobby area of the newly replaced Maswik South lodge complex;
- Implement mobile food service;
- Convert the McKee Warehouse to a support facility for GRCA concession operations;
- Expand patio dining at El Tovar Hotel; and
- Improve historic cabin and rim unit interior finishes at Bright Angel Lodge.

Improvements required under the Draft Contract offer opportunities to enhance visitor services and Concessioner revenues

The Service has estimated the following timelines and costs for completion of the CFIP projects outlined in this section.

Exhibit 8 – Required CFIP Improvement Projects^{1,2}

Project	Project Start Year	Year of Project Completion	First Year of Full Operation	Estimated Cost
Maswik South Lodging	2015	2017	2018	\$11,480,000
Conversion of McKee Warehouse to Concession Support	2016	2016	2017	\$1,706,000
Quick Service Food Outlets at Maswik	2015	2017	2018	\$48,000
Quick Service Food Outlets at El Tovar	2015	2015	2016	
Expanded Patio Dining at El Tovar	2015	2015	2016	\$320,000
Bright Angel Lodge Improvements	2015	2015	2016	\$87,000
Total				\$13,641,000

¹"Estimated Cost" includes real property investments associated with the projects, including real property investments that may or may not be eligible for LSI credit. Personal property investments associated with these projects are presented in Exhibit 9.

²The Service estimates the Concessioner will complete some projects at some point during the "Year of Project Completion" noted, allowing the Concessioner to operate them for a partial year. The "First Full Year of Operation" represents the first full year of generated revenues for the completed projects.

Source: NPS



Exhibit 9 – Required Personal Property Investments¹

Project	Project Start Year	Year of Project Completion	First Year of Full Operation	Estimated Cost
Maswik South Lodging	2015	2017	2018	\$1,712,000
Quick Service Food Outlets at Maswik	2015	2017	2018	\$112,000
Quick Service Food Outlets at El Tovar	2015	2015	2016	
Mobile Food Service	2015	2015	2015	\$177,000
Conversion of McKee Warehouse to Concession Support	2016	2016	2017	\$128,000
Expanded Patio Dining at El Tovar	2015	2015	2016	\$13,000
Bright Angel Lodge Improvements	2015	2015	2016	\$493,000
Total				\$2,635,000

¹The Service estimates the Concessioner will complete some projects at some point during the “Year of Project Completion” noted, allowing the Concessioner to operate them for a partial year. The “First Full Year of Operation” represents the first full year of generated revenues for the completed projects.

Source: NPS

Demolish Existing and Construct New Maswik South Lodging

The buildings making up the Maswik South complex are near the end of their useful life and would require considerable investment to bring up to acceptable standards. The Concessioner must demolish the Maswik South complex and replace it with 90 midscale standard lodging rooms with microwave and refrigerator, and 30 midscale lodging rooms with kitchenettes including stovetops. The Service expects the Concessioner to design the new lodge(s) to fit within the current footprint and meet or exceed the LEED (Leadership in Energy and Environmental Design) silver standards. This project also must include a quick service food operation offering beverages and light food items located in the new lobby space. The Service assumes this project will take two years to complete with the first full year of operations commencing in 2018.

El Tovar Hotel Quick Service Coffee and Pastries

The Concessioner must supplement the El Tovar dining room in the mornings by offering specialty coffee and pastries in the El Tovar Lounge. A relatively small investment in personal property and equipment will support the new venue.

Mobile Food Service

The Concessioner will expand the availability of food service throughout the South Rim Village area. Currently, visitors gather at several locations that lack adequate levels of food and beverage service for the demand. The Concessioner must provide mobile food options to meet this demand. This service will include two to three mobile food trucks parked in various locations in the South Rim area from late morning to early afternoon. The food trucks could offer locally inspired, healthy options including, but not limited to, burritos, sandwiches, and wraps, as well as beverages.



Conversion of McKee Warehouse to Concession Support Facilities

The Service intends to assign certain support facilities (listed in Exhibit 10 below) currently assigned to the Existing Concessioner on a temporary basis to the Concessioner until the McKee Warehouse conversion is complete.

Exhibit 10 – Back of House Buildings to be Assigned Temporarily

Building	Square Footage
Building 562, Carpenter Shop	11,191
Building 569, Purchasing Receiving	10,887
Building 572, Maintenance	3,948
Building 573, Office/Storage, Powerhouse Area	125
Total Square Footage	26,151

Source: NPS

The Concessioner may use the main commercial laundry building near Maswik Lodge as a support facility (due to the elimination of laundry operations on the South Rim). The Concessioner also will have use of the other support buildings listed in Exhibit 10. Even with these buildings; however, the Concessioner will need additional storage or maintenance space. Accordingly, the Service will assign the Concessioner the McKee warehouse building, a space of approximately 18,525 square feet, currently primarily used by the Service. The Concessioner may continue to locate its fleet repair and public garage operations in the General Offices building. The Concessioner must fund all Capital Improvements associated with renovating the McKee warehouse space to accommodate its operations and, thereafter, must maintain the facility. Upon substantial completion of the renovations, as the Concessioner relocates the support operations to the McKee warehouse, the Service will amend the Draft Contract (as awarded) to remove the buildings listed in Exhibit 10 from assignment to the Concessioner.

The concessioner under the future GRCA003-15 contract also will need certain support space for its operations. The Service, thus, requires the GRCA001 Concessioner to sub-assign under the terms of a written agreement between the Concessioner and the GRCA003 concessioner, approximately one-third of the McKee warehouse interior space and associated interior and exterior common areas to the GRCA003 concessioner. The sub-assignment agreement will permit the Concessioner to charge the GRCA003 concessioner a reasonable fee for use of the sub-assigned space. In the event that the Concessioner and the GRCA003 concessioner cannot reach agreement on the terms of the sub-assignment agreement within 90 days following the later effective date of CC-GRCA001-15 and CC-GRCA003-15, the Service will establish terms and conditions for such agreement that will be binding on both parties.

As part of the renovations, the Service expects the Concessioner will install separate electricity and water/sewer meters so that the GRCA003 concessioner will be responsible for its own utility usage. The Service further expects the Concessioner to co-operate with the GRCA003 concessioner to accommodate its build-out requirements, if any.



El Tovar Entrance

Expanded Patio Dining at El Tovar

The El Tovar lounge presents an excellent opportunity for outdoor dining. The Concessioner must expand seasonal dining options for the El Tovar by modifying a portion of the existing landscape with appropriate material and incorporating up to 35 tables of outdoor seating near the lounge entrance.

Bright Angel Lodge Personal Property Improvement

The Bright Angel Lodge occupies one of the best locations in the Draft Contract lodging portfolio. Several cabins offer unobstructed views of the Canyon with a rustic feel one might expect when visiting a historic national park lodge. The décor and finishes of the Bright Angel Lodge; however, are somewhat outdated. With some improvements, the Bright Angel Lodge may offer an opportunity for increased room rates and revenue, subject to comparability analysis. The Concessioner must improve the overall décor of the Bright Angel historic cabin and Rim units through an investment in personal property. This room renovation project will include complete replacement and updating of personal property items, as well as improvement to the rooms' finishes.



Bright Angel Cabin

WITHDRAWAL OF CONCESSION FACILITIES

The Service assigns the following Concession Facility to the Concessioner for the first five years of the Contract. After that time, with one year's notice, the Service may withdraw it from assignment to the Concessioner.

FMSS Number	Park Building Number	Building Name
83886	557	Shirley Hall

POTENTIAL ADDITIONAL CONCESSION FACILITY AND AUTHORIZED SERVICE(S)

The Powerhouse building, a National Historic Landmark, once generated power for the Grand Canyon Village. The building is located in the middle of the Village area visible by almost any visitor to the South Rim. The Service believes potential exists for the facility to become an attractive, iconic part of the concession portfolio. The Service is in the process of obtaining an environmental assessment of the building and plans to remediate any environmental and life safety issues that study may identify. If the Concessioner so chooses and the Service agrees, at some time after the effective date of the Draft Contract the Concessioner would renovate the building into a useful condition and occupy it under the terms of an amendment to the Draft Contract. The Service estimates the

Powerhouse has approximately 11,100 square feet of usable space.



Powerhouse Building

The Service included an elective provision at the end of the Proposal Package (Part III of this Prospectus) seeking ideas from Offerors on what type of service would meet visitor needs and fit in this facility, and how they would renovate the building for that use. If the Service approves the proposed use(s) and associated costs, after the effective date of the Draft Contract, the Service and the Concessioner will enter into negotiations for a Contract amendment toward the goal of assigning the Powerhouse as a Concession Facility and authorizing specified services offered by the Concessioner.

If Offerors choose to respond to this part of the Proposal Package, they must submit proposals to adaptively re-use the Powerhouse building for new visitor services separately as further described at the end of the Proposal Package. Proposals to re-use the Powerhouse are entirely optional and the Service WILL NOT consider them in the evaluation of an Offeror's response.

FINANCIAL AND OPERATING DATA

The Proposal Package (Part III of this Prospectus) requires Offerors to develop financial projections based on the operations the Concessioner will provide under the Draft Contract. To assist Offerors in the development of these projections, the Service presents information regarding historical utilization and prospective operating information on the following pages. Please note that operating projections are estimates based on Service assumptions developed considering publicly available historical data, industry standards, and comparable information from other facilities.

The Service does not guarantee these projections will materialize and assumes no liability for the accuracy of the projections presented. Offerors must compile and present their own financial projections based on their independent assumptions, due diligence, and industry knowledge.

Park Issues to Consider Under the Draft Contract

The assigned Concession Facilities include limited employee housing and support facilities. If the Concessioner identifies additional requirements for facilities to provide employee housing or other support functions beyond those made available under the Draft Contract, the Concessioner must meet those needs outside of the Park.

In addition, in 2009 the Service completed development of a large parking area at the South Rim Visitor Center, resulting in a change in visitor traffic patterns. One of its recently opened roads routes visitors past the General Store and Yavapai Lodge, facilities assigned to the concessioner under GRCA003-15.

Water availability is a constant concern for the Service. The Service delivers water to the South Rim over a long distance through an aging pipeline. This infrastructure needs significant repair. The Service is developing cost estimates and a plan to replace the water utility infrastructure, but definitive plans are not yet available.

The Service will eliminate commercial laundry operations from the South Rim at the beginning of the Draft Contract, due to the heavy impacts associated with the laundry's power and water use. Consequently, the Concessioner must secure laundry facilities outside the Park or contract with a commercial laundry provider. The Flagstaff area includes commercial laundry operators with capacity and interest to provide this service. The Concessioner will continue to have laundry operations at Phantom Ranch.



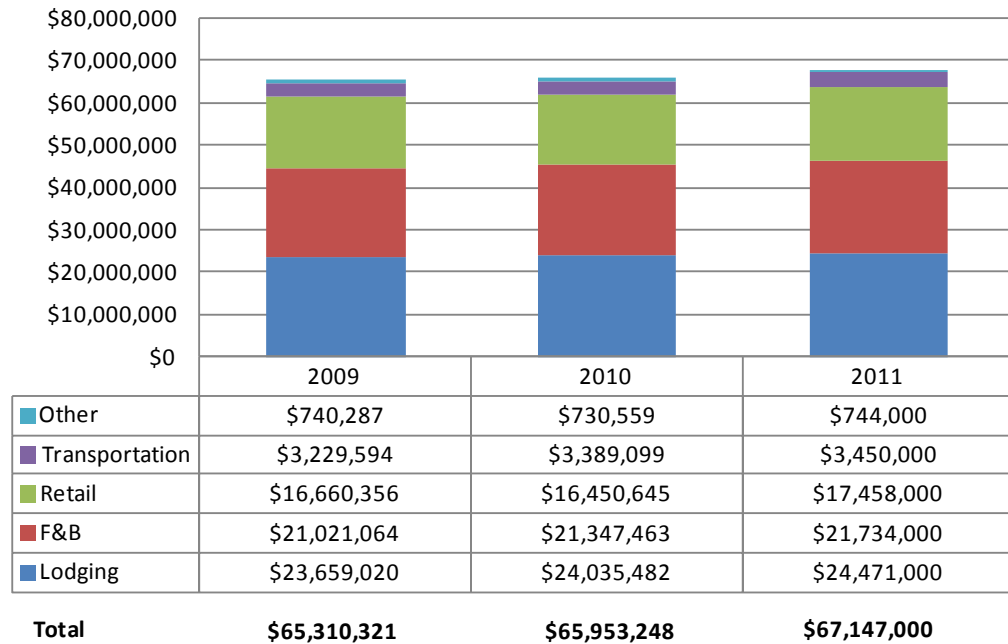
Hopi House

At Phantom Ranch, the Service requires implementation of a unique reservation system. This system will require the Concessioner to provide lodging for its mule riders, book no more than 25% of beds per night as group reservations, and use a lottery system to book remaining beds.

Historical Gross Revenue

From 2009 through 2011, the required visitor services included in the Draft Contract have generated average annual revenues of \$66.1 million. Over the period, lodging department revenue has exhibited compound annual growth of one and seven tenths percent (1.7%). Retail revenues have increased annually at a rate of two and four tenths percent (2.4%). Food and beverage revenues and transportation revenues also have increased. Other revenues, comprised of the visitor garage service, vending services, and the kennel, have remained relatively unchanged over the period.

Exhibit 11 below provides a graphic representation of the contribution of each major category of revenue allocated to key departments.

Exhibit 11 - Historical Revenue Distribution, GRCA001^{1, 2, 3}

¹"Other" revenues include revenues from the visitor service garage, vending, and the kennel service.

²2009 and 2010 gross revenue presented represents actual historical gross revenues associated with the services required under the Draft Contract, as reported by the Existing Concessioner.

³2011 gross revenue presented represents an estimated percentage of actual historical gross revenues associated with the services required under the Draft Contract, as reported by the Existing Concessioner.

Note: The Prospectus does not include 2012 financial data because the Annual Financial Reports (AFR) were unavailable during the analyses. The Service has now reviewed the 2012 AFR and determined no anomalies and financial performance was consistent with 2011 trends. Revenues grew by 2.3% in the Existing Contract.

Source: NPS

Projected Revenue

In developing prospective revenue estimates, the Service made the following assumptions:

- Estimated inflation at 2.4 percent on an annual basis;
- Loss of room revenue during demolition of the existing Maswik South lodging and construction of the replacement Maswik South lodging, followed by increased average daily rate for the newly constructed facility;
- Increased average daily rate for improved Bright Angel cabin rim lodging rooms;
- Additional food and beverage covers due to expanded patio dining at El Tovar;
- Additional food and beverage covers due to the new mobile food truck service; and
- Additional food and beverage covers due to the new operations at Maswik South and El Tovar.

Lodging



The lodging department will contribute the largest proportion of revenue to the Draft Contract. As noted, lodging department revenues have remained relatively stable over the past few years. Due to the requirement for the Concessioner to improve lodging under the Draft Contract, the Service projects continued increases in lodging department revenues. The replacement of Maswik South will result in fewer available rooms for the Concessioner during the period of removal of the old facility and construction of the new one. The construction of the new Maswik South Lodge and improvements made to personal property at Bright Angel Lodge; however, will result in increased revenue, because these venues will offer visitors a more stratified room inventory with an improved product. Additionally, the Service will allow the Concessioner to increase all lodging rates from the current rates, at not less than the rate of inflation (i.e., Consumer Price Index for All Urban Consumers) for the first three years of the Draft Contract, once awarded.



Maswik North

The following table presents projected ranges for lodging operations in 2017, the first stabilized year of operation for most properties, with the exception of Maswik. Maswik metrics represent 2019 figures, the year the Service estimates that property will reach stabilization.

Exhibit 12 - Projected Lodging Operating Metrics (2017\$)¹

Location	Occupied Roomnights	Average Daily Rate
El Tovar Hotel	24,000 to 27,000	\$265 to \$275
Bright Angel Lodge and Cabins	28,000 to 31,000	\$120 to \$130
Thunderbird Lodge	15,000 to 18,000	\$195 to \$205
Kachina Lodge	13,000 to 16,000	\$195 to \$205
Maswik Lodge ²	62,000 to 65,000	\$145 to \$155
Phantom Ranch Dormitories ³	10,000 to 13,000	\$43 to \$48
Phantom Ranch Cabins	3,400 to 3,700	\$135 to \$145
Total	171,400 to 173,700	\$163 to \$170
Lodging Department Revenue as % of Total Revenue		38% to 42%

¹ Projected ranges given are based on stabilized year.

² Maswik projected room nights and ADR reflect stabilization of this property in 2019.

³ Phantom Ranch Dormitory occupancy numbers reflect occupied bednights.

Source: NPS

Food and Beverage

The Draft Contract requires the Concessioner to implement a variety of improvements within the food and beverage department. The Service expects each improvement to increase demand for GRCA001 food service.

The Service requires the Concessioner to develop menus that include a range of healthy and sustainable options.

The El Tovar will offer expanded outdoor dining with up to 35 tables in the area outside the Lounge. This setting ideally accommodates customers who want to enjoy drinks and light dining in an outdoor setting overlooking the Grand Canyon.

Mobile food offerings will further expand dining and snack options for visitors along the Rim and in areas traditionally underserved by food outlets. Mobile food trucks positioned at sites such as near the Grand



Canyon Railway depot, Hermits Rest, or other locations will introduce more substantial food service to guests in these areas.

Finally, the Service expects that the new quick service outlets at Maswik and El Tovar will better distribute food and beverage demand in these locations.

The following table presents projected ranges for the food and beverage department in 2015, the first stabilized year of operation for the outlets.

Exhibit 13 - Projected Food and Beverage Operating Metrics (2015\$)

	Covers	Average Check
El Tovar Dining Room	325,000 to 335,000	\$21.00 to \$25.00
El Tovar Quick Service	12,000 to 17,000	\$5.00 to \$6.00
The Arizona Room and Lounge	79,000 to 84,000	\$21.00 to \$25.00
Bright Angel Restaurant	370,000 to 380,000	\$12.00 to \$14.00
Bright Angel Fountain	253,000 to 258,000	\$3.50 to \$4.50
Mobile Food Trucks	84,000 to 88,000	\$5.00 to \$6.00
Maswik Cafeteria and Maswik Pizza Pub	590,000 to 610,000	\$7.00 to \$8.00
Maswik Quick Service	13,000 to 18,000	\$4.00 to \$5.00
Phantom Ranch Canteen ¹	50,000 to 54,000	\$30.00 to \$32.00
Hermits Rest Snack Bar ²	N/A	N/A
Total	1,844,000 to 1,917,000	\$10.00 to \$13.00
Food and Beverage Revenue as % of Total Revenue		30% - 33%

¹The Phantom Ranch Canteen dining offering consists of a limited menu.

²Historically, Hermits Rest Snack Bar revenues were included in retail revenues for that outlet. The Service estimates that 30 to 40 percent of visitors to Hermits Rest purchase something at the Snack Bar, with an average check of less than \$2.00.

Source: NPS

Retail

The retail department will contribute the third largest proportion of revenue to the Draft Contract. As noted, retail revenues exhibited slight fluctuation between 2009 and 2011. The NPS expects this trend to stabilize and improve.

The Concessioner must develop and implement a merchandising plan for Service approval, aligning each retail outlet location with appropriate Park themes, as well as identifying items unique to each outlet the Concessioner will stock.

Please note: As of March 2012, the Service implemented a ban on the sale of individual serving sizes of bottled water within the Park. While initially this ban may have affected retail sales adversely, the sale of reusable water bottles at a range of price points (including a very low price point similar to the price of a bottle of water), and packets of electrolytes and other water enhancers, have helped overcome the loss of revenues from such bottled water sales.

The following table presents projected ranges for retail operations.



Exhibit 14 - Projected Retail Operating Metrics (2015\$)

Location	Transactions	Average Transaction Value
El Tovar Gift Shop and Newsstand	105,000 to 115,000	\$25.00 to \$26.00
Bright Angel Gift Shop	238,000 to 243,000	\$25.00 to \$26.00
Maswik Gift Shop	100,000 to 105,000	\$24.00 to \$25.00
Hopi House	80,000 to 85,000	\$39.00 to \$40.00
Lookout Studio	83,000 to 88,000	\$18.00 to \$19.00
Hermits Rest Gift Shop	125,000 to 130,000	\$12.00 to \$13.00
Total	731,000 to 766,000	\$23.00 to \$25.00
Location	Total Outlet Sales	
Phantom Ranch Sundries and Convenience ¹	\$390,000 to \$400,000	
Retail Department Revenue as % of Total Revenue		20% to 25%

¹Phantom Ranch retail sales are limited to a small inventory of items approved by the Service. The Concessioner displays one of each available item in the Phantom Ranch Canteen dining area, with inventory stored out of sight of guests. Transaction information was not available for Phantom Ranch retail sales.

Source: NPS

Transportation

The transportation department has experienced some fluctuation in recent years. The Service believes the interpretive bus and mule tour services comprise an important component of the Grand Canyon visitor experience. The Service projects that the departmental revenue will improve as the Concessioner continues to enhance interpretive bus tours and the new above-rim mule ride.

The following table presents projected ranges for transportation operations in the first stabilized year of operation.

Exhibit 15 – Projected Transportation Operating Metrics

	Customers Served	Average Price per Customer
Interpretive Bus Tours	133,000 to 137,000	\$12.50 to \$13.50
Mule Tours	11,500 to 13,500	\$190 to \$200

Source: NPS

Other Revenues

The remaining sources of revenue for the Draft Contract include the kennel, roadside assistance, and vending services.

The Service estimates these operations will continue at status quo, increasing only by inflation for the term of the Draft Contract.

Projected Future Expense Assumptions

In developing projected expense estimates, the Service made the following assumptions:



- Staffing levels remain similar to current levels for the same operations and are appropriately staffed for expanded operations;
- Senior management and some mid-level management for the concession will be housed outside the boundary of the Park;
- Concessioner laundry operations will occur outside the Park (except for Phantom Ranch);
- The Concessioner will provide fire protection services for Concession Facilities and will cooperate with the Park's fire department regarding possible joint operations; and
- Adjustments of certain indirect and fixed expenses to reflect costs associated with the changes in operation.



Hermit's Rest

INVESTMENT ANALYSIS

Leasehold Surrender Interest ("LSI")

The Existing Contract requires the Existing Concessioner to sell and transfer to the successor its Leasehold Surrender Interest (LSI) held in connection with its operations. Appendix A of this Prospectus includes a copy of the Existing Contract, including all amendments and agreements. The Concessioner must compensate the Existing Concessioner pursuant to the terms of the Existing Contract for the LSI associated with Concession Facilities assigned to the Draft Contract.

The Service and the Existing Concessioner have agreed that the value of the Existing Concessioner's LSI is \$198,000,000. The Service intends to pay the Existing Concessioner \$99,887,497 before the effective date of the Draft Contract to buy down the LSI amount due the Existing Concessioner. The concessioner under the new GRCA003-15 contract must pay the Existing Concessioner \$41,161,579 for the LSI value of the assets assigned to that contract. The initial LSI value for the GRCA001-15 Draft Contract will be \$56,950,924.

Leasehold Surrender Interest in the Draft Contract

Aside from those projects required by the Draft Contract, and the possibility of LSI-eligible work associated with the adaptive re-use of the Powerhouse, the Service does not intend to approve construction projects or major rehabilitation projects that would increase the amount of LSI during the term of the Draft Contract. The Service, however, may approve the installation or replacement of fixtures that may be eligible for LSI in accordance with the Draft Contract.

Personal Property

Except as described below, the Existing Contract does not require the Existing Concessioner to sell and transfer to its successor other property associated with the concession operations. Even so, the Service has assumed that the Concessioner would negotiate with the Existing Concessioner to purchase much of the personal property needed for operations.

The Service estimates the Concessioner would purchase personal property with a value of approximately \$13.8 million in 2015 dollars. This estimate includes both personal property located in the Concession Facilities, such as furniture, trade fixtures, equipment, mules, and vehicles, and personal property located outside the Park necessary to provide the services required under the Draft Contract. This amount is an estimate only and the final value could differ from this estimate. A recent inventory list provided by the Existing Concessioner of Other Property is included as an Appendix to this Prospectus.

The estimated value of personal property held by the Existing Concessioner does not include the estimated value of personal property investments required of the Concessioner as listed in Exhibit 9 above.

Section 8(e)(2) of the Existing Contract requires the Existing Concessioner to transfer its Historic Personal Property to the Concessioner upon payment of the book value of that Historic Personal Property. The book value of that property is \$0. Under the Draft Contract, the Concessioner also must maintain such property with the Concession Facilities and transfer it to the successor concessioner for \$0 value.

Working Capital, Inventory and Pre-Opening Costs

The Concessioner will incur other startup costs prior to commencing operations. The Service has estimated working capital at approximately \$1.1 million in 2015 dollars to include merchandise inventory. Preopening costs include production of collateral materials, management staff recruitment, relocation, administrative support, and operating supplies, estimated at approximately \$2,853,000 in 2015 dollars.



Estimate of Required Investment

The following exhibits detail the estimated investments at the commencement of the Draft Contract and during 2015.

Exhibit 16 – Estimated Initial Investments¹

Item	Initial Investments (2015\$)
Leasehold Surrender Interest Purchase	\$56,950,924
Concession Facilities Improvement Program ¹	\$4,486,000
Deferred Maintenance	\$1,318,000
Personal Property Initial Investment ²	\$13,762,000
Personal Property Associated with Concession Facilities Improvement Programs (Year One)	\$795,000
Working Capital	\$1,134,000
Other Pre-Opening Expenses	\$2,853,000
Total	\$81,298,924

¹Cost noted inclusive of estimated 2015 real property investment costs only.

²This represents a Service estimated personal property value. Please refer to the above Personal Property section and the Prospectus Appendix for personal property listing.

Source: NPS

The Concessioner must make the following investments after the first year of the Draft Contract.

Exhibit 17 – Estimated 2015 Investments¹

Item	Initial Investments (2015\$)
Concession Facility Improvement Program (Year 2) ¹	\$9,155,000
Personal Property Associated with Concession Facilities Improvement Programs (Year 2)	\$1,840,000
Deferred Maintenance	\$1,350,000
Total	\$12,345,000

¹Cost noted inclusive of estimated 2015 real property investment costs only.

Source: NPS

REPAIR AND MAINTENANCE RESERVE

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve to ensure funds are available to accomplish certain component renewal/replacement activities. Please see Section 10(c) of the Draft Contract for guidance on the terms and conditions of the Repair and Maintenance Reserve. The Service will require the Concessioner to fund the Repair and Maintenance Reserve for the Draft Contract with one and three-tenths percent (1.3%) of gross receipts as defined in Sec. 2 of the Draft Contract. As further explained in the Draft Contract, the Concessioner must expend sufficient additional monies to maintain the Concessioner Facilities to the satisfaction of the Director.



FRANCHISE FEE

The minimum franchise fee under the Draft Contract is fourteen percent (14%) of annual gross receipts.

UTILITY ADD-ON

The Service has determined pursuant to NPS Director's Order 35B (DO 35B) that the Concessioner's rates for certain visitor services, for the first year of the Draft Contract as approved by the Service, may include a 4.3% of Gross Receipts "Utility Add-on." This Utility Add-on percentage represents the estimated difference between the cost the Concessioner will pay for Service-provided utilities in the Area and utility costs typical in the industry as determined by the Service. The Service expects to continue to authorize a Utility Add-on for subsequent years of the Draft Contract in accordance with DO 35B (as it may be amended or superseded from time to time). A website link to DO 35B appears in the Appendices.

TERM AND EFFECTIVE DATE

The Draft Contract has a term of fifteen (15) years beginning on its effective date, which the Service estimates to be on or about February 1, 2015. The effective date of the Draft Contract may change prior to contract award if determined necessary by the Service. The Service will change the expiration date of the Draft Contract to provide the same term length from any adjustment to the effective date.

SITE VISIT

A site visit will occur on the date listed on the inside front cover of this Prospectus. The site visit provides an opportunity for all interested parties to have an overview of the concession operation along with a tour of the Concession Facilities associated with the Draft Contract (excluding Phantom Ranch). The Service will provide participants with an overview of the operations at Phantom Ranch. Interested parties who wish to visit Phantom Ranch may do so on their own. For more information regarding the specific time and to reserve a place for the site visit, please contact:

Laura Shearin, Concession Specialist
Phone: 928-638-7351
Email: laura_shearin@nps.gov



Phantom Ranch Wrangler Cabin